

GIVENS PURSLEY LLP

Attorneys and Counselors at Law

601 W. Bannock Street
PO Box 2720
Boise, ID 83701
Telephone: 208-388-1200
Facsimile: 208-388-1300

www.givenspursley.com

Michael C. Creamer
208-388-1247
MCC@givenspursley.com

Gary G. Allen
Peter G. Barton
Christopher J. Beeson
Clint R. Bolinder
Erik J. Bolinder
Jeff W. Bower
Preston N. Carter
Jeremy C. Chou
William C. Cole
Michael C. Creamer
Amber N. Dina
Thomas E. Dvorak
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Martin C. Hendrickson
Brian Holleran

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Neal A. Koskella
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Michael P. Lawrence
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David R. Lombardi
Kimberly D. Maloney
Emily L. McClure
Kenneth R. McClure
Kelly Greene McConnell
Alex P. McLaughlin
Melodie A. McQuade
Christopher H. Meyer
Patrick J. Miller
L. Edward Miller

Judson B. Montgomery
Deborah E. Nelson
W. Hugh O'Riordan, LL.M.
Angela M. Reed
P. Mark Thompson
Jeffrey A. Warr
Robert B. White

Retired:
Kenneth L. Pursley
James A. McClure (1924-2011)
Raymond D. Givens (1917-2008)

November 12, 2014

Via Hand Delivery

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
P.O. Box 83720
Boise, ID 83720-0074

RECEIVED
2014 NOV 12 PM 4:39
IDAHO PUBLIC
UTILITIES COMMISSION

RE: Silver Star Telephone Company's Application.

Dear Jean:

I am enclosing an original and seven (7) copies of Silver Star Telephone Company's application for guarantee approval, together with a filing fee in the amount of \$447.22. Please acknowledge receipt by returning a conformed copy of this cover letter and application.

Please note that Exhibit A has not yet been executed by Silver Star's secretary. I am expecting to receive that directly and substitute fully-executed copies as soon as they are received.

Sincerely,



Michael C. Creamer

MCC/rgm
2272599_1 / 1534-58

Enclosure(s)

cc: Michelle Motzkus

Michael C. Creamer (ISB # 4030)
GIVENS PURSLEY LLP
277 North 6th Street, Suite 200
P.O. Box 2720
Boise, ID 83701
(208) 388-1200
(208) 388-1201 (fax)
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2014 NOV 12 PM 4: 39
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Silver Star Telephone Company, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|---|---|----------------------------|
| In the Matter of the Application of Silver Star |) | Case No. SIL-T-14-01 |
| Telephone Company, Inc. for Authority to |) | |
| Execute Guarantee in Favor of the Rural |) | APPLICATION OF SILVER STAR |
| Telephone Finance Cooperative |) | TELEPHONE COMPANY |

Silver Star Telephone Company, Inc. ("Silver Star" or "Applicant"), by and through its attorneys Givens Pursley LLP, makes this Application pursuant to Idaho Code § 61-901 and IDAPA 31.01.01.141-147 for authority to execute an unsecured guaranty of payment (the "Guaranty") in favor of the Rural Telephone Finance Cooperative ("RTFC") guaranteeing payment of a loan from RTFC to Silver Star's parent company Horizon Communications, Inc. ("Horizon") in the amount of \$2,222,222,00. In support of its Application, Silver Star states as follows:

1. Applicant is a certificated telephone corporation organized under the laws of the State of Wyoming providing telecommunication services, including local exchange service, within the states of Idaho and Wyoming.

2. Silver Star, along with its sister companies, Columbine Telephone Company, Inc., a Wyoming corporation, Gold Star Communications, LLC, a Wyoming limited liability company ("Gold Star") and Mountain Land Communications, LLC, a Wyoming limited liability company (collectively the "Horizon Subsidiaries"), is a wholly-owned subsidiary of Horizon.

3. Silver Star has outstanding loans from RTFC and USDA Rural Utilities Service ("RUS") secured by a most-recent restated mortgage and security agreement giving RTFC and

RUS a security interest in all of Silver Star's real and personal property in Idaho and Wyoming approved by the Commission in 2002.¹

4. Gold Star provides cellular communications services to customers in southwest Wyoming and southeast Idaho, and intends to install nine new cell towers and related facilities to improve and extend coverage to Gold Star's customers.

5. Horizon and Gold Star intend that the tower facilities will be constructed with funds advanced to Horizon through a loan by RTFC (the "Loan") in the principal amount of \$2,222,222.00. A portion of the Loan proceeds will also be used by Horizon to purchase subordinated capital certificates in RTFC. In consideration of the Loan to Horizon, RTFC will require Horizon to execute a secured promissory note ("Note") payable in quarterly installments of principal and interest. Interest initially shall be at a variable rate, subject to Horizon's option to convert to a fixed rate. The Note has a maturity date eight years from the date of the Note. The Note is to be secured by a mortgage and a pledge of Horizon's interests in each of the Horizon Subsidiaries.

6. RTFC also will require a guaranty from Gold Star secured by all of the assets of Gold Star.

7. RTFC will also require an unsecured Guaranty of payment of the Loan from Silver Star.

8. Further details of the Loan to Horizon and Silver Star's proposed Guaranty pertinent to this Application are contained in the Loan Agreement between Horizon and RTFC included with other pertinent draft loan documents being submitted on a CD contemporaneously with this Application as confidential information for Commission and Commission Staff review.

9. Gold Star will compensate Silver Star for providing connectivity over Silver Star facilities from Gold Star's cell towers under an arms-length agreement to be negotiated between Silver Star and Gold Star.

10. Silver Star submits that the proposed transaction is consistent with the public interest. The unsecured obligation to guaranty repayment of the Loan to Horizon will not further encumber Company assets or affect the revenue requirement of its regulated operations. The Loan will enable Gold Star, a sister company of Silver Star, to extend and improve cellular

¹ See IPUC Order No. 29022, Case No. SIL-T-02-2.

coverage, including termination of cellular traffic to Silver Star customers within Silver Star's rural southeast Idaho and southwest Wyoming service areas pursuant to an agreement between Gold Star and Silver Star. The transaction also will produce a stream of revenue from Gold Star to Silver Star. As such, the Guaranty should not impact Silver Star ratepayers, but should enhance their telecommunications options.

11. A copy of the Applicant's most recent Annual Report showing the authorized and outstanding classes of Applicant's securities is on file with the Commission, and the Applicant respectfully requests the Commission take official notice thereof.

12. A copy of the Applicant's 2014 mid-year financial report is being submitted by the Applicant to Commission Staff for review under separate cover.

13. A certified copy of Applicant's Board of Directors' resolution authorizing the proposed transaction is attached hereto as Exhibit A.

14. A Proposed Order granting this Application is attached hereto as Exhibit B.

15. Notice of this Application will be published within seven (7) days of the date of this Application in The Idaho Statesman (Boise). A copy of this Notice is attached as Exhibit C.

16. Applicant submits that the public interest does not require a hearing on this matter, and it requests that the Commission process this Application and determine this matter by Modified Procedure, pursuant to Rule 23 of the Commission's Rules of Practice and Procedure. In the event the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

17. Applicant has enclosed its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of \$462.22.

18. All notices and communications with regard to this Application should be served upon:

Michael C. Creamer
Givens Pursley LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701

Michelle Motzkus, Secretary
Silver Star Telephone Company, Inc.
P.O. Box 226
Freedom, Wyoming 83120
(307) 883-6671

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application of Silver Star Telephone Company, Inc. to execute and deliver the Guaranty to the Rural Telephone Cooperative; and
2. Granting such other relief as the Commission deems just and reasonable in this matter.

DATED this 12th day of November, 2014.



Michael C. Creamer

GIVENS PURSLEY LLP

Attorneys for Applicant Silver Star Telephone
Company, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 12th day of November, 2014 I caused a true and correct copy of the foregoing to be served upon:

Ms. Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702

by hand delivering the same to the above-named at the last known address(s) as set forth above.



Michael C. Creamer

**CERTIFIED COPY OF MINUTES AUTHORIZING GUARANTY OF RTFC LOAN
IN THE AMOUNT OF \$2,222,222.00
TO HORIZON COMMUNICATIONS, INC.**

I, Michelle Motzkus, do hereby certify that: I am the Secretary of Silver Star Telephone Company, Inc (the "Company").

The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Directors of the Company held August 21, 2014, as they appear in the Minutes Book of the Company, said resolutions duly adopted thereat; the meeting was duly and regularly called in accordance with the bylaws of the Company; the Guaranty (the "Guaranty") to be required of the Company by Rural Telephone Finance Cooperative ("RTFC") was authorized by the Board of Directors and said resolutions have not been modified or rescinded:

The Board of Directors of Silver Star Telephone Company having been advised by its counsel that the Company is legally constituted, is in compliance with all applicable statutory, regulatory and other legal requirements and is in good standing, and that the Guaranty to be executed by the Board and given to RTFC as partial consideration for a loan to be made to the Company's parent Horizon Communications, Inc. ("Horizon"), in the amount of \$2,222,222.00 (the "Loan") pursuant to a loan agreement ("Agreement") between RTFC and Horizon, which Guaranty as executed and delivered, will constitute valid and binding obligations of the Company, enforceable by and against the Company, in accordance with its terms;

RESOLVED. that the Company guarantee the quarterly principal and interest payments on a long-term loan in the principal amount of \$2,222,222 obtained by Horizon Communications, Inc. from Rural Telephone Finance Cooperative ("RTFC") upon terms and conditions set forth in the loan agreement presented to this meeting, bearing such interest as is provided in the note(s) or loan agreement evidencing such loan, and providing for payment thereof within eight (8) years after the date of said agreement;

RESOLVED, that the Company's President, Ron McCue, is hereby authorized to execute and to deliver to RTFC a Guaranty in favor of RTFC, substantially in the form presented to the Board of Directors (including as many counterparts as may be required); and

RESOLVED, the Company's President is hereby authorized in the name and on behalf of the Company to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Guaranty as such individual may deem appropriate within the amount of the Guaranty so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the Company, this _____ day of November, 2014.

Secretary

Michael C. Creamer (ISB # 4030)
GIVENS PURSLEY LLP
277 North 6th Street, Suite 200
P.O. Box 2720
Boise, ID 83701
(208) 388-1200
(208) 388-1201 (fax)

Attorneys for Silver Star Telephone Company, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|---|---|----------------------|
| In the Matter of the Application of Silver Star |) | Case No. SIL-T-14-01 |
| Telephone Company, Inc. for Authority to |) | |
| Execute Guaranty in Favor of the Rural |) | PROPOSED ORDER |
| Telephone Finance Cooperative |) | |
| |) | |
| |) | |

On November 12, 2014, Silver Star Telephone Company, Inc. (hereinafter Applicant), filed an Application for authority to execute an unsecured guaranty (“Guaranty”) in favor of the Rural Telephone Finance Cooperative (“RTFC”) guaranteeing payment of a loan in the amount of \$2,222,222.00 (“Loan”) to be made by RTFC to the Applicant’s parent company, Horizon Communications, Inc., a Wyoming corporation (“Horizon”). The Loan also would be secured by a mortgage to be given by Horizon to RTFC and a pledge of all of Horizon’s stock and/or interest in each of its wholly-owned subsidiaries. The Loan also is to be secured by a secured guaranty of Gold Star Communications, LLC, a Wyoming limited liability company and one of Horizon’s wholly-owned subsidiaries.

In support of said Application, Applicant alleges that the proceeds of the RTFC loan will be used by Gold Star to construct up to nine cell towers to improve and extend cellular service to Gold Star customers in Wyoming and Idaho. Gold Star would contract with Silver Star to obtain fiber connectivity from the cell towers.

After examining the Application and supporting documents and being fully advised in the premises, the Commission hereby finds that a hearing in this matter is not required, and that the proposed transaction is consistent with the public interest.

IT IS THEREFORE ORDERED that the Application of Silver Star Telephone Company, Inc. for authority to execute an unsecured Guaranty substantially in the form of that submitted to the Commission and thereby guaranty payment of the Loan be, and is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this ____ day of _____, 2014.

Paul Kjellander, President

Marsha Smith, Commissioner

Mack Redford, Commissioner

ATTEST:

LEGAL NOTICE OF SILVER STAR TELEPHONE COMPANY
APPLICATION FOR AUTHORITY TO GUARANTY LOAN
CASE NO. SIL-T-14-01

NOTICE IS HEREBY GIVEN that on November 12, 2014, Silver Star Telephone Company filed with the Idaho Public Utilities Commission an Application for authority to guaranty a loan in the principal amount of \$2,222,222.00 to be made by the Rural Telephone Finance Cooperative to the Applicant's parent company Horizon Communications, Inc.

The Application is on file with, and may be obtained from, the Commission, whose offices are located at 427 W. Washington, Boise, Idaho 83702-5918 (208-334-0300), or may be viewed on the Commission's homepage at: <http://www.puc.idaho.gov/fileroom/cases/summary/tele.html>. Any person desiring to comment on said Application must file petitions or protests with the Idaho Public Utilities Commission within fourteen (14) days of the filing date. If no protests are received within this time limit, the Commission may consider the Application and enter its Order without setting the matter for hearing. If written protests are filed with the Commission within the time limit set, the Commission will consider the same and, in its discretion, may set a hearing. Petitions or protests must be filed with: Jean Jewell, Secretary, Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho 83702.

Jean Jewell, Secretary
Idaho Public Utilities Commission